



# **WHITE ROSE DEVELOPMENT PROJECT**

## **Canada-Newfoundland and Labrador Benefits Report**

**April 1 – June 30, 2006**

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## **1.0 Introduction**

The following represents Husky Energy's (Husky's) Canada-Newfoundland and Labrador Benefits Report for the quarter ending June 30, 2006, as required under the Conditions set out in Decision 2001.01 for the White Rose Development Project.

This report provides a summary of progress/activities related to Husky Energy's East Coast Operations and includes activities of its major sub-contractors as well.

## **2.0 Highlights for the Period**

- Overall Canada / Newfoundland content for the period including OPEX, CAPEX II and Exploration and Delineation costs was 48% NL and 34% Other Canadian.
- A total of 14.6 million barrels of oil were produced as of June 30, 2006 at an average production rate of 100,000 bbls/ day
- Total employment in East Coast Operations exceeded 1220
- Husky hosted a forum for disabled youth on May 15, 2006

### 3.0 Employment Summary

As of June 30, 2006, a total of 1221 people were employed on Husky's East Coast Operations. This includes people employed with Husky and its contractors. Of this total 927 or 76% were residents of Newfoundland and Labrador when hired, while another 217 or 17.7% were residents of other regions of Canada at the time of hire. Over 98.6% of positions were located in Newfoundland and Labrador as at June 30, 2006 and 760 of these positions were in the offshore.

**Table 3.1 - Employment Summary of Husky and Major Contractors as of June 30, 2006**

Location	Newfoundland & Labrador			Other Canadian			Non-Canadian			Total Employment
	Male	Female	Sub-Total	Male	Female	Sub-Total	Male	Female	Sub-Total	
<b>TOTAL</b>	774	153	927	207	10	217	73	4	77	1221

### 4.0 Project Expenditure

For the period April 1, 2006 to June 30, 2006, project expenditures (as a percentage of total cost) were 48.1% Newfoundland and Labrador content, 34.1% Other Canadian and 17.8% Foreign content.


### 5.0 Procurement Summary (Contracts > \$250,000)

Twenty-one contracts greater than \$250,000 were let during the second quarter of 2006. Details can be found in Table 5.1. The majority of expenditures listed in the table are for extensions to previous service contracts already in place with Husky and cover all activities undertaken on the East Coast operations including operations, drilling, delineation and exploration.

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For the Quarter Ending June 30, 2006

**Table 5.1 Procurement Summary Q2**

<b>Husky East Coast Operations 2006 - Q2</b>						
<b>Procurement Summary</b>						
Description	Vendor Name	Vendor Location	NF	CDN	FOR	Total
Cementing Services - Exploration	Schlumberger	St. John's	13%	64%	23%	100%
Wireline - Exploration	Schlumberger	St. John's	13%	64%	23%	100%
Directional MWD/LWD - Exploration	Schlumberger	St. John's	13%	64%	23%	100%
Mudlogging - Exploration	Datalog	St. John's	88%	6%	6%	100%
Wellheads - Exploration	FMC	St. John's/Dartmouth	25%	25%	50%	100%
Fishing Tools - Exploration	Weatherford	St. John's	70%	30%	0%	100%
Drilling Fluids - Exploration	QMAX	St. John's	48%	30%	22%	100%
Supply Vessel	Secunda Marine	Halifax	25%	75%	0%	100%
Casing Running Services	FI Canada	St. John's	54%	5%	41%	100%
ROV Services - Exploration	Oceaneering Canada	St. John's	71%	7%	22%	100%
Helicopters - Exploration	Cougar Helicopters	St. John's	82%	17%	1%	100%
Centrifuge - Exploration	MI Swaco	St. John's	57%	12%	31%	100%
Rig Positioning - Exploration	Fugro Jacques Geosurveys	St. John's	42%	5%	53%	100%
Weather Forecasting and Oceanographic - Exploration	AMEC Earth	St. John's	97%	2%	1%	100%
Well Test - Development/Exploration	PowerWell Services	St. John's	75%	25%	0%	100%
Surface Well Test - Exploration	Schlumberger	St. John's	13%	64%	23%	100%
Communications equipment - Exploration	EnCana Corp	Halifax	25%	75%	0%	100%
X-Over's and Landing String - Exploration	Workstrings	St. John's	45%	1%	54%	100%
Satellite bandwidth - Exploration	Stratos	St. John's	47%	47%	6%	100%
Casing Accessories - Exploration	Import tool	St. John's	37%	63%	0%	100%
Vacuums - Exploration	Halliburton	St. John's	25%	75%	0%	100%

## **6.0 Exploration**

During the second quarter of 2006 exploration activities resumed with the return of the Rowan Gorilla VI Jackup unit. The Rowan spudded the O28 well in early April and drilling revealed a 280 metre oil column in a multi-layered reservoir in the Ben Nevis Avalon formation. Based on Husky's current interpretation of the 3-D seismic and the O-28 well results, the discovery could contain a potential recoverable resource of 40 to 90 million barrels of oil. This potential recoverable resource is in addition to the gross proved and probable reserves of approximately 240 million barrels recognized in the White Rose oil field at the end of 2005

Western Geco has been contracted to complete the seismic program on the Wild Rose prospect and then carry out a survey in the Fortune block. Work is scheduled to commence in early July, 2006.

## 7.0 Offshore Photographs



**Glomar Grand Banks in Conception Bay for Inspection and repairs, May 2006**



**Rowan Gorilla VI Jackup Rig**